

# Federal Enterprise Architecture Program Management Office

Draft Performance Reference Model:

Overview for  
Federal Agencies

*April 2003*

## The President has clearly challenged OMB and agencies to improve performance for citizens.

"This Administration's goal is to champion citizen-centered electronic government that will result in a major improvement in the federal government's value to the citizen."  
~ *The President's Management Agenda*

"Our success depends on agencies working as a team across traditional boundaries to serve the American people, focusing on citizens rather than individual agency needs."  
~ *President George W. Bush*

- ◆ Meeting this challenge will require OMB and agencies to **improve performance** while **reducing costs**

# The Federal Enterprise Architecture is helping OMB and agencies transform to meet the President's challenge.

"The FEA is a powerful tool for identifying both key gaps and redundant efforts and can be used to determine the most effective investment in IT."

*~ Budget of the United States Government, FY 2004*

Without the FEA	With the FEA
" <u>Stove-piped</u> " agency operations and budget allocation decisions (e.g. 50 agencies with federal drug control operations)	<u>Collaboration where possible</u> visibility into agency operations for ALL agencies and budget examiners
Disparate, less than ideal <u>performance information</u> to make decisions (e.g. half of PART programs evaluated could not demonstrate results)	<u>Standardized performance data</u> to facilitate more objective, fact-based management
Potentially redundant <u>IT spending</u> (e.g. \$250 million on financial management systems)	Agencies and budget examiners can <u>leverage existing IT capabilities</u> before spending new money

# AGENDA

## ◆ Session Objectives

### ◆ Performance Reference Model (PRM) Overview

- Why is a PRM Necessary?
- What are the FEA and PRM?
- How Will the PRM be Used and by Whom?
- How Does the PRM Help Other Management Efforts?

### ◆ What Happens Next with the PRM?

# The FEA-PMO has three objectives for today's PRM overview session for agencies.

1. Describe the draft PRM
2. Answer key questions about the draft PRM
3. Begin the agency comment period on the draft PRM

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# The Federal Enterprise Architecture (FEA) Performance Reference Model (PRM) "At-A-Glance."

<b>WHAT IS THE PRM?</b>	<ul style="list-style-type: none"> <li>◆A standardized performance measurement framework designed to:               <ul style="list-style-type: none"> <li>■Enhance available performance information,</li> <li>■Better align inputs with outcomes, and</li> <li>■Identify improvement opportunities across organizational boundaries.</li> </ul> </li> <li>◆Agencies can use the PRM to select standard performance indicators—which may be new or coincide with those already in use—which can be tailored or "operationalized" to the specific environment.</li> <li>◆The PRM is a flexible resource for agencies to use as they build from their existing performance measurements.</li> </ul>
<b>HOW WILL THE PRM BE USED?</b>	<ul style="list-style-type: none"> <li>◆The PRM can be integrated into the existing federal budget process, including the Exhibit 300 as required by OMB Circular A-11.</li> <li>◆The PRM can mutually reinforce and work together with GPRA and current PMA Budget and Performance Integration initiatives such as the PART and Common Measures.</li> </ul>
<b>WHAT IS THE PRM's STATUS?</b>	<ul style="list-style-type: none"> <li>◆A PRM Working Draft is being released for agency comment.</li> <li>◆The FEA-PMO will address agency's comments and change the draft PRM as needed.</li> <li>◆A PRM Version 1.0 will be released to use in FY 2005 budget formulation.</li> </ul>

The PRM is a resource that can help agencies meet many of the existing legislative and policy requirements for performance.

Existing Requirement		PRM
E-Government Act of 2002	Collaborative performance measures	✓
Clinger-Cohen Act of 1996	Make IT investments based on contribution to program performance	✓
Government Performance and Results Act of 1993	Plan and report progress towards outputs and outcomes	✓
Chief Financial Officers Act of 1990 and other related Acts	Provide timely, reliable, useful, and consistent financial information for decision-making	✓
President's Management Agenda	Integrate planning and managing for performance into budget justification and execution. Improve performance through technology.	✓



# The PRM is consistent with and can help agencies make progress on many of the key performance initiatives that need improvements.

Initiative	How PRM Can Help
Government Performance and Results Act implementation	The PRM framework can help <u>improve and further relate outcome and output measures</u> in Strategic and Annual Plans and Reports. Performance by function will facilitate producing the required government-wide Performance Plan.
PMA / Budget and Performance Integration	The PRM framework can help to refine the relationship between outcomes, outputs and the processes or strategies used to produce them, and the inputs or resources used. This creates <u>more robust information</u> to use in budget decisions.
Program Assessment Rating Tool (PART)	Progress towards PRM indicators can provide enhanced <u>information to include in PART evaluations</u> . PART evaluations can guide the improvement targets set using the PRM—particularly in lower-scoring PART programs.
Common Measures	If common measures have already been identified through other initiatives like the Common Measures they can be <u>used directly by the PRM</u> .
IT Business Cases (Exhibit 300)	The PRM can be used to identify performance indicators that show specifically <u>how a technology investment contributes to business outputs and, ultimately, outcomes</u> .

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- What are the FEA and PRM?

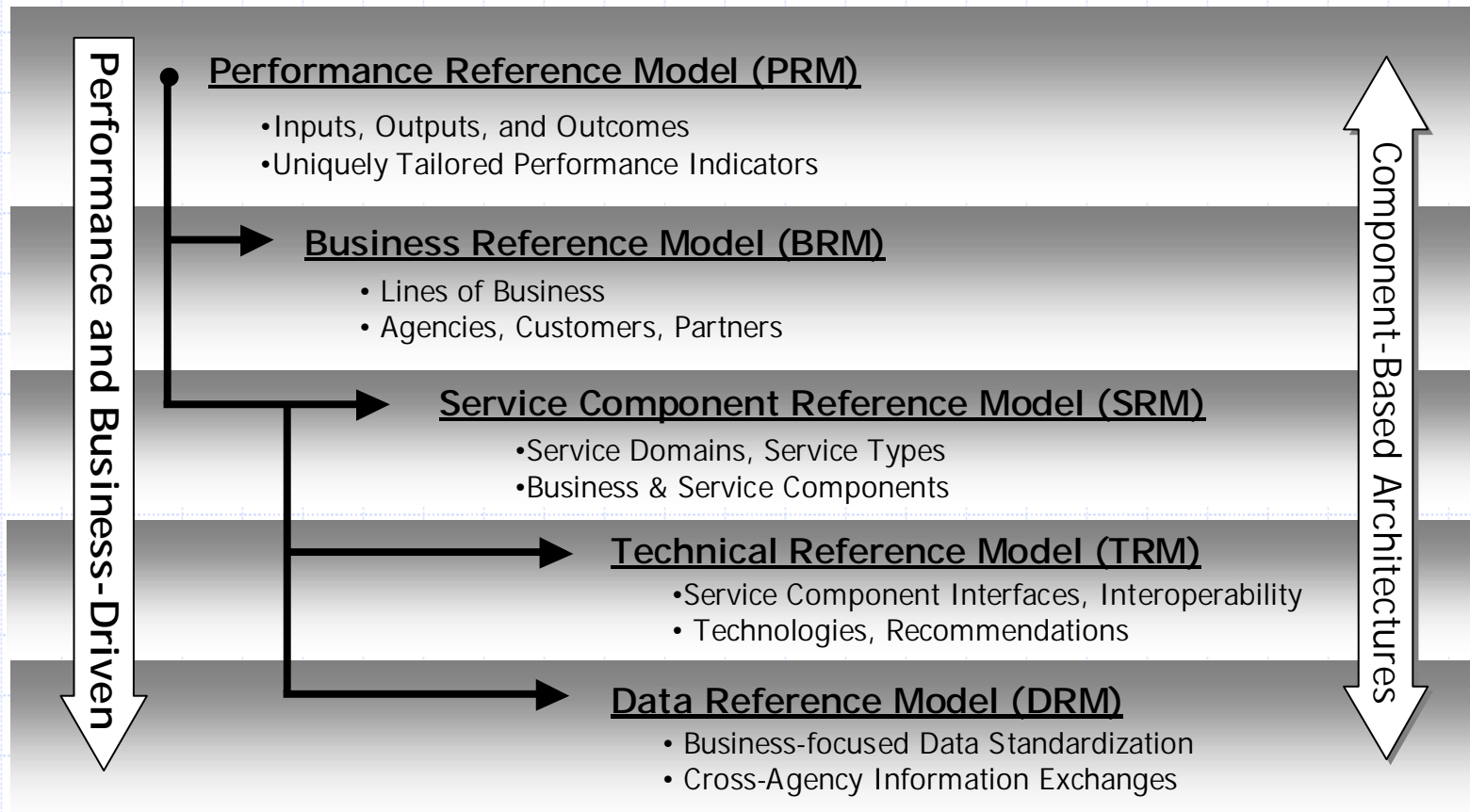
- How Will the PRM be Used and by Whom?

- How Does the PRM Help Other Management Efforts?

## ◆ What Happens Next with the PRM?

The PRM is one of five FEA “reference models” designed to improve performance, increase collaboration, and reduce costs.

## Federal Enterprise Architecture (FEA)



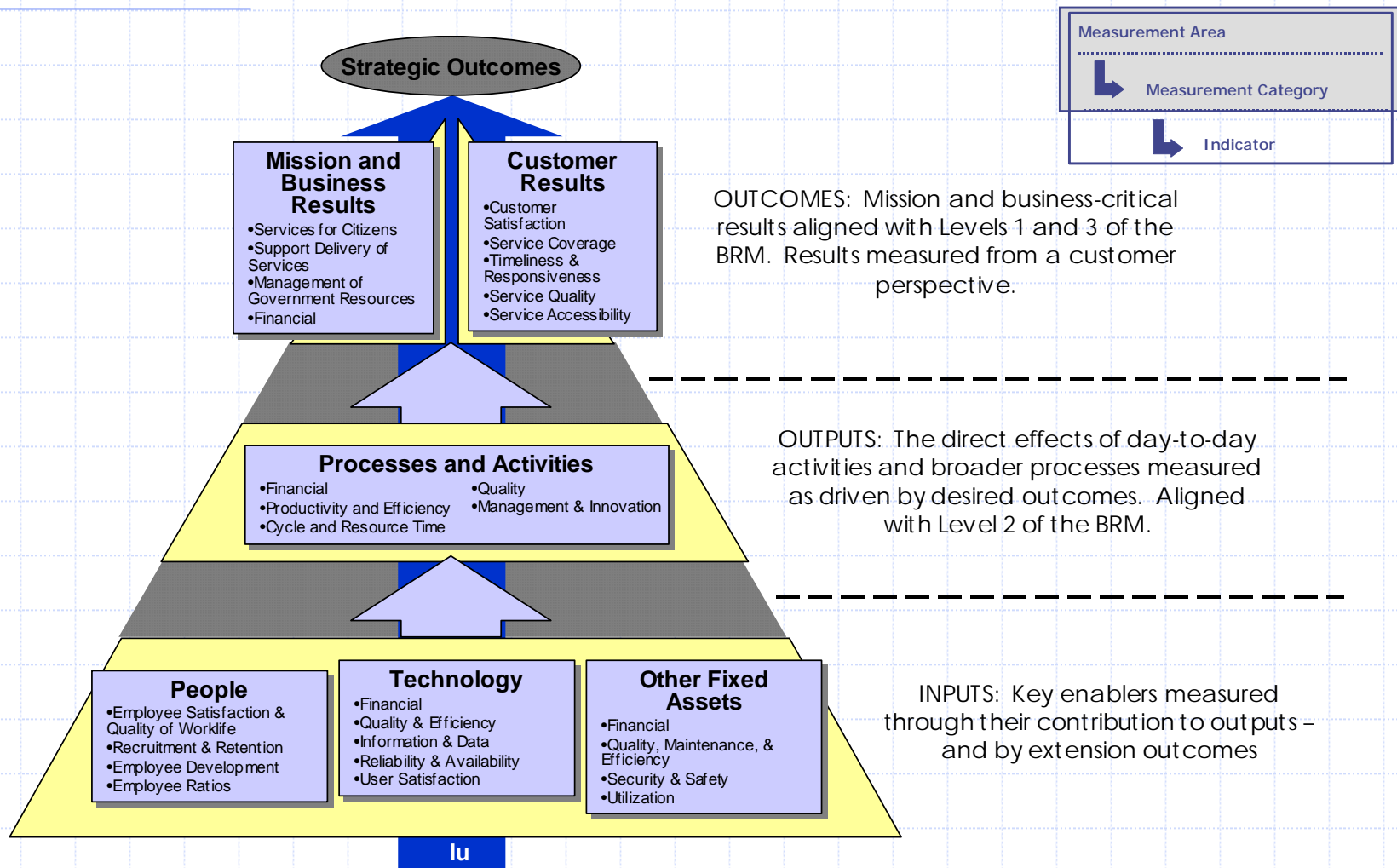
# The PRM is a standardized framework to characterize the performance of IT initiatives in a common manner where appropriate.

- ◆ The PRM can help produce enhanced performance information to improve strategic and daily decision-making
- ◆ The PRM can help improve the alignment and contribution of inputs (people, technology, other fixed assets) through outputs (processes and activities) to outcomes (business and customer results)
- ◆ The PRM can help identify collaboration and performance improvement opportunities across traditional agency boundaries

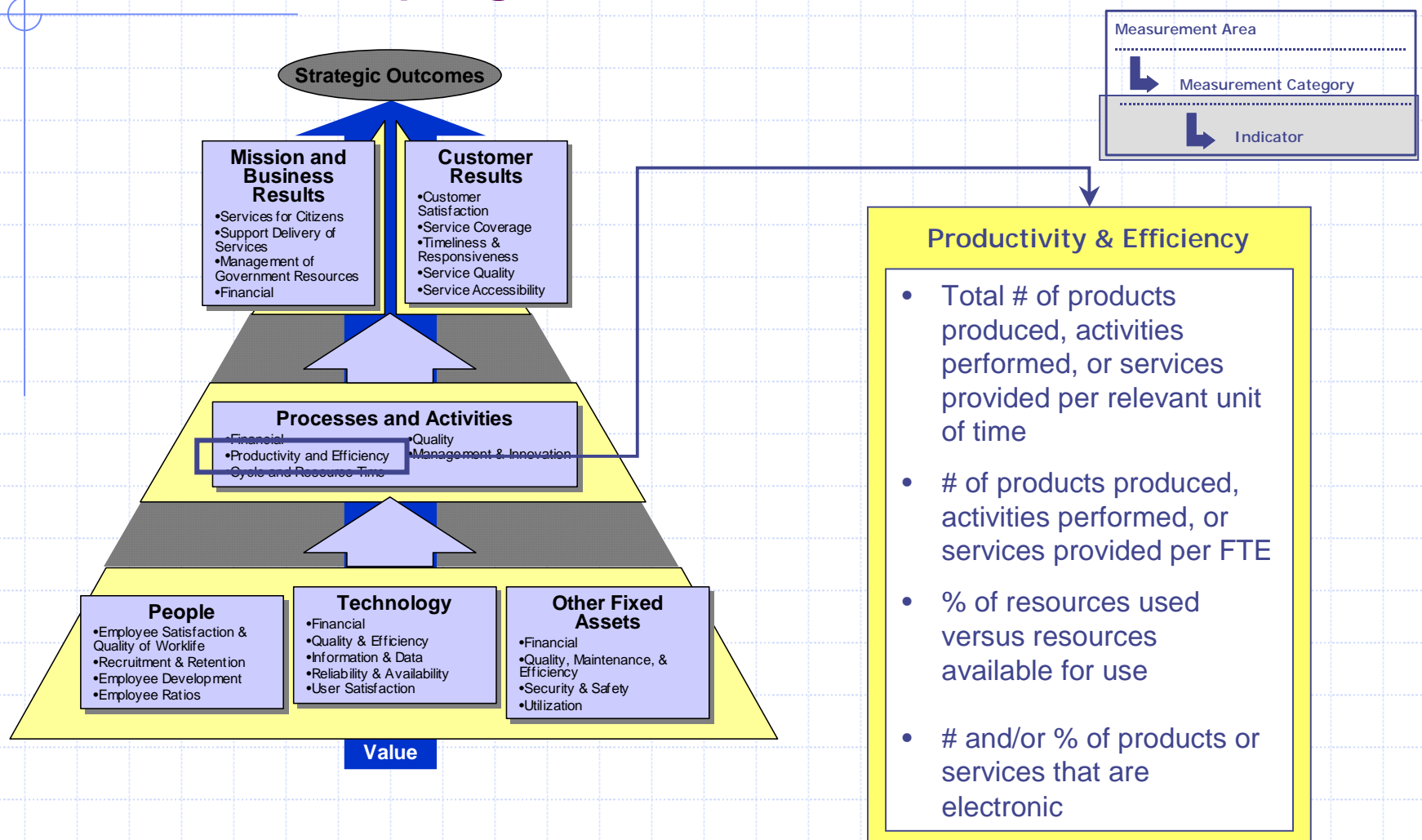
# The FEA-PMO is seeking the best from existing performance frameworks to create the draft PRM.

- ◆ The FEA-PMO examined numerous existing frameworks and other sources, including:
  - Balanced Scorecard
  - Baldrige Quality Criteria
  - Program Logic Models
  - The Value Chain
  - Theory of Constraints
  - Value Measurement Methodology
  - Six Sigma
  
- ◆ The FEA-PMO also examined what types of measures agencies are currently using
  - GPRA Strategic and Annual Plans
  - PART Assessments
  - Exhibit 300s

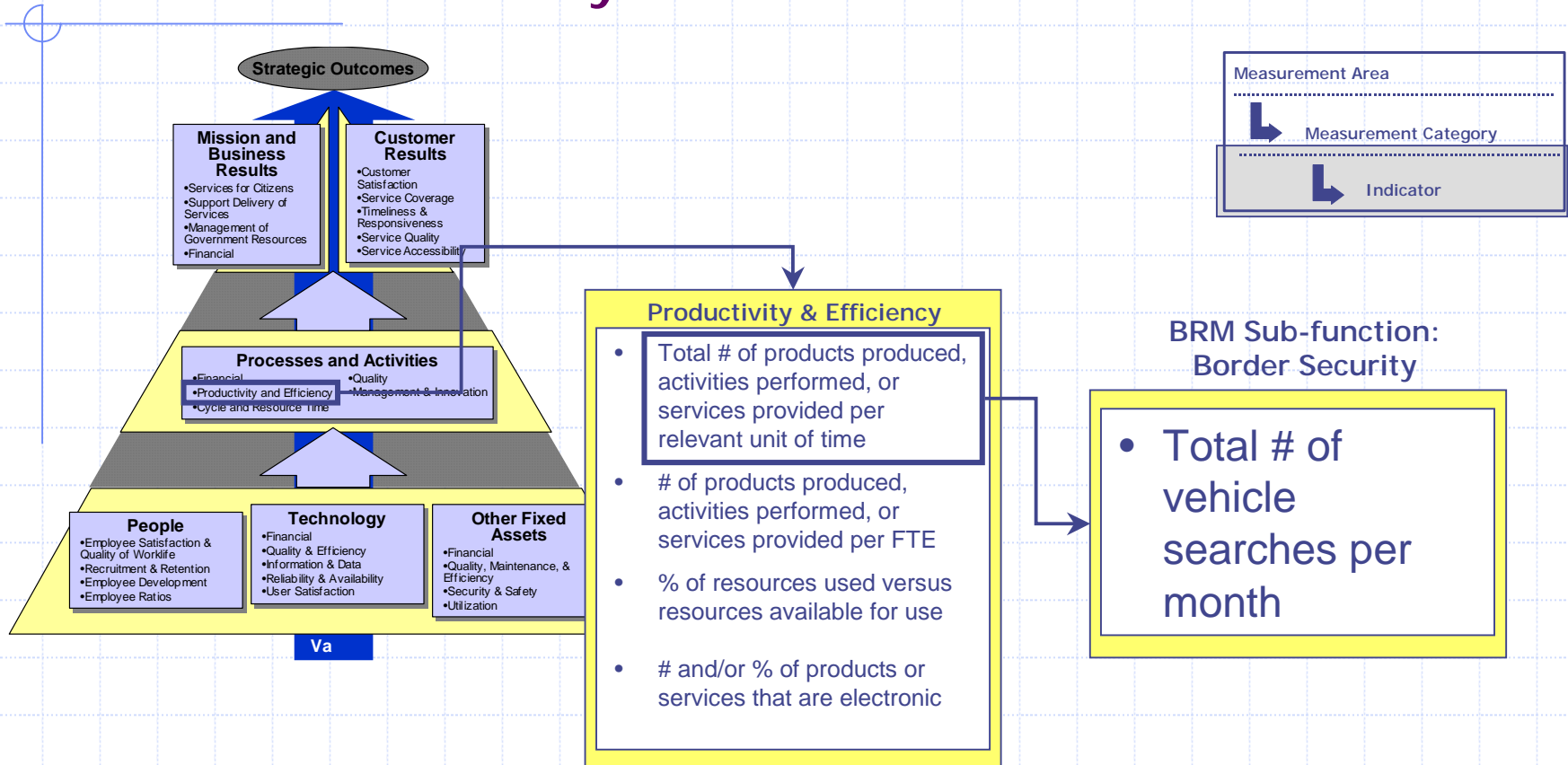
The PRM's six Measurement Areas are designed to capture the relationship between inputs, outputs, and outcomes. Each Measurement Area contains Measurement Categories.



# Each PRM Measurement Category contains specific Indicators that can be selected as appropriate for BRM Sub-functions, programs, and/or IT initiatives.



Decision-makers then uniquely tailor or “operationalize” these Indicators to reflect the specific environment, such as the Border Security Sub-function in the BRM.





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The process to use the PRM is as important as the PRM itself. The FEA-PMO is suggesting a process that can be integrated into the existing performance and budget processes.

Step	Description
Determine Line of Sight to Results	Agencies can use the concepts of logic models and the value chain to identify the <u>critical cause and effect relationships</u> between IT and process outputs, then to customer and mission or business outcomes.
Identify and Define PRM Indicators	Informed by the "line of sight," agencies can use the PRM to <u>identify the critical few indicators</u> . These indicators will be <u>tailored or "operationalized"</u> to suit the specific IT initiative and its environment.
Conduct Baseline Analysis	Within the context of the PRM Indicators chosen, agencies can conduct a baseline analysis of <u>current performance, constraints, and capabilities</u> .
Set Improvement Targets	Considering the baseline and through <u>benchmarking high-performers in the government and private sectors</u> , agencies set improvement targets.
Explore Improvements	Possible <u>strategies to achieve improvements targets</u> will be identified, such as coordinating, creating or canceling processes or technology; sharing information and data; or retraining and recruiting people.
Select and Propose Improvements	The scope and strategy of the improvement will be discussed through existing budget documents, including the <u>Exhibit 300 required by A-11</u> .
Implement Improvements; Collect Data; and Use Performance Information in Decisions	Making improvements then tracking progress towards PRM Indicators to determine whether improvements are actually occurring. This performance information should then be a <u>critical aspect of daily and strategic decision-making</u> .

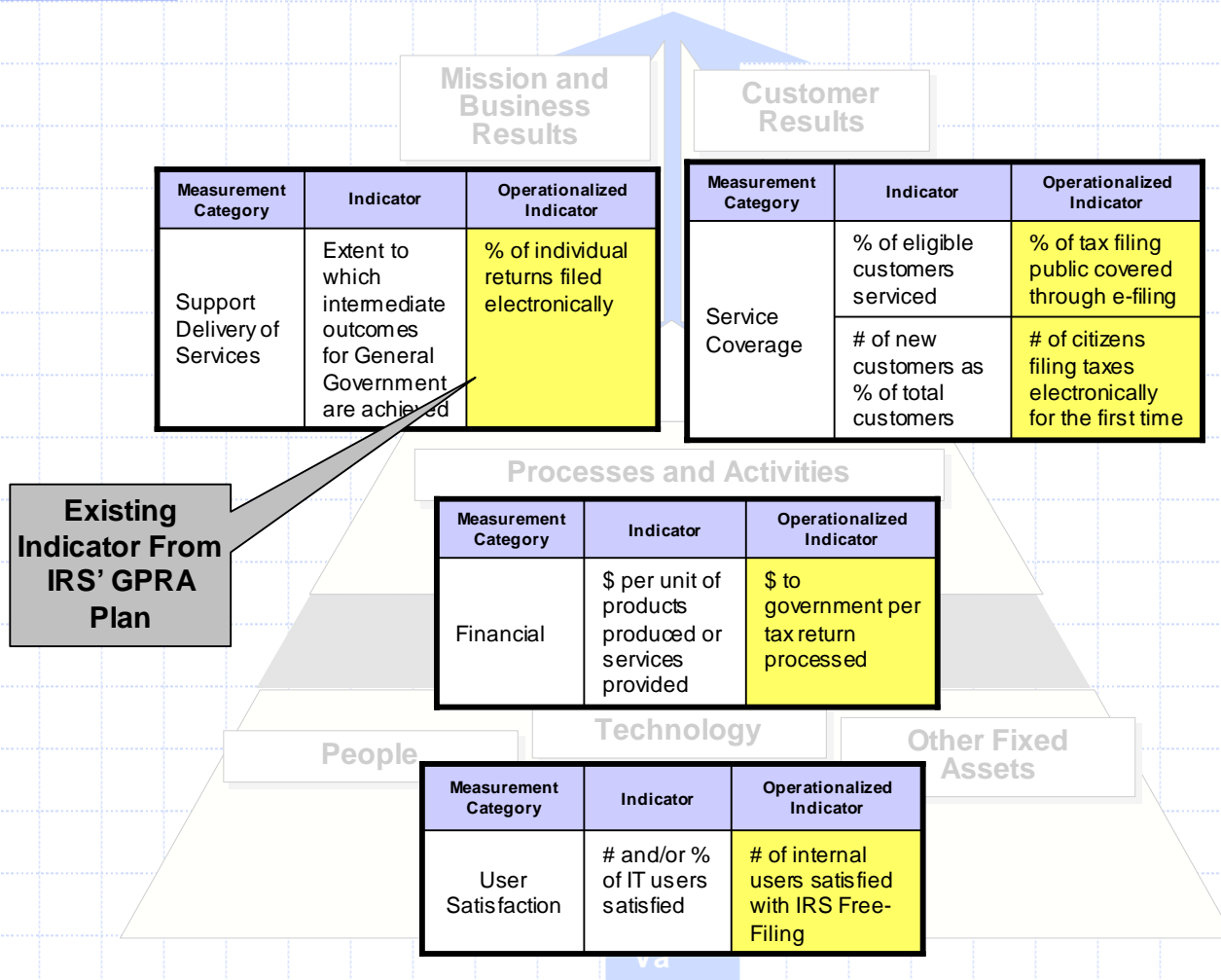
The initial steps in this process will be of critical importance for agencies as they prepare to submit their FY 2005 budgets to OMB.

- ◆ For FY 2005, agencies will identify PRM Indicators for their major IT initiatives in the Exhibit 300 performance goals table
- ◆ More information on this suggested process will be available in the very near future
  - OMB A-11 training
  - PRM Version 1.0 release document

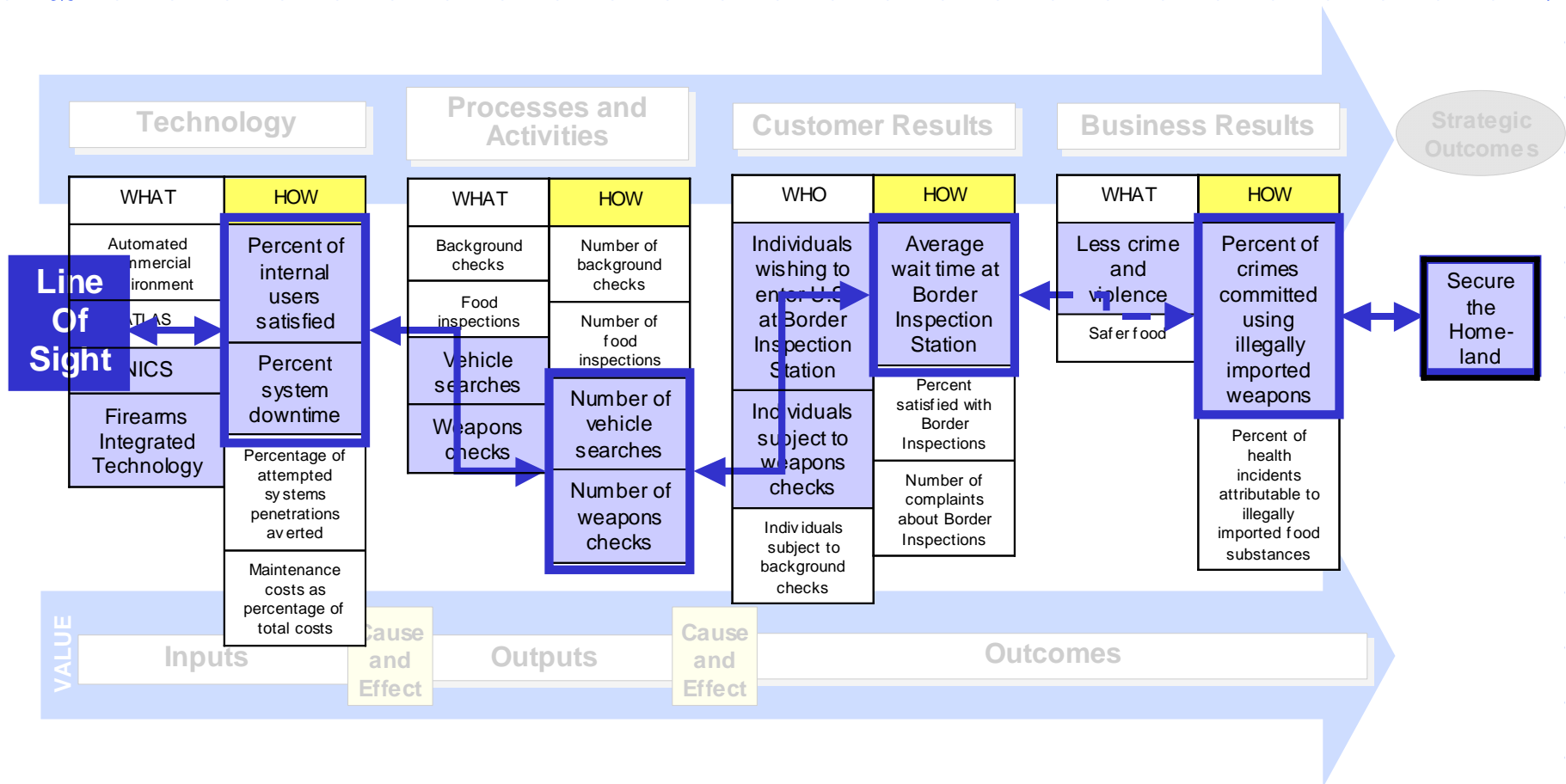
Consistent with Chapter 22 of the President's FY 2004 Budget, the PRM can be applied to any major IT initiative. The level of PRM collaboration would correspond to each category as necessary.

Category of IT Initiative	Example	Level of PRM Collaboration
1. <u>One agency has the lead</u> and the initiative can be implemented through the normal, agency-specific budget process	IRS Free File	Low
2. <u>More than one-agency is involved</u> and the initiative may require joint ownership and funding	Initiatives that align with Border Security	Medium
3. <u>Initiatives are common to all agencies</u> or rise to a level of major policy significance and require PMC action to be successful	Initiatives that align with Human Resources Training and Development	High

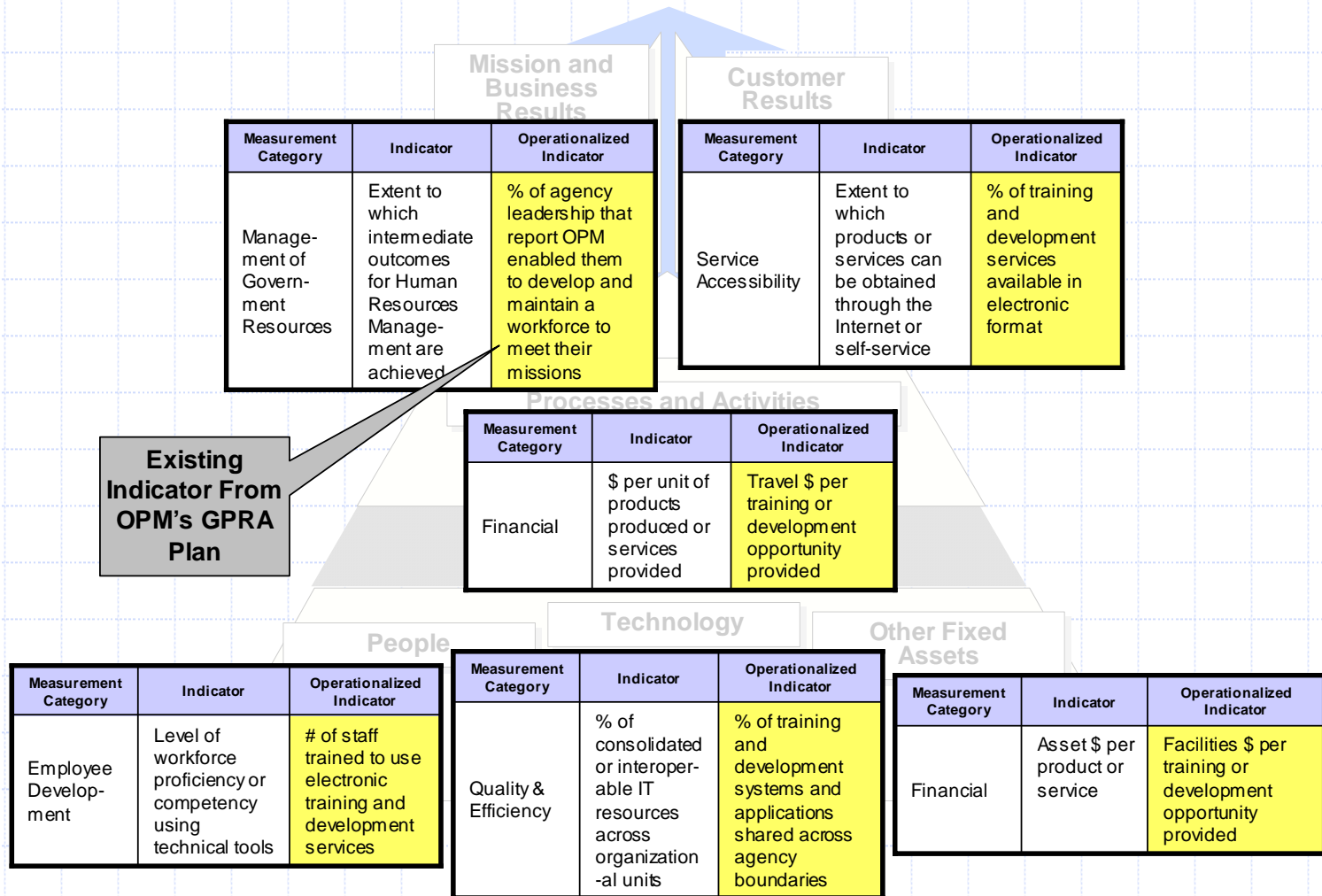
When one agency has the lead such as with the IRS Free File initiative, the PRM can be used to identify performance indicators from outcomes to inputs.



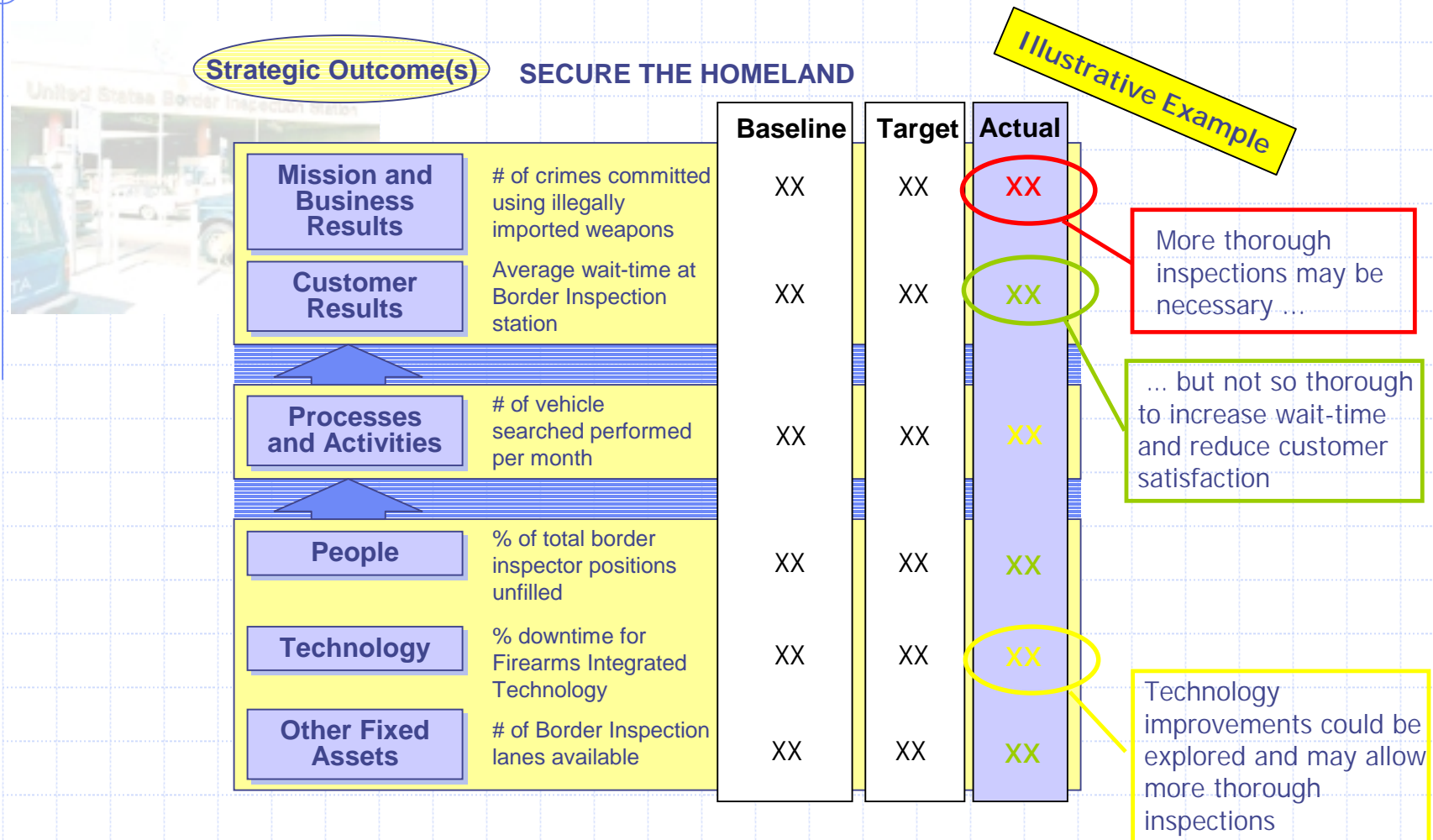
# When more than one agency is involved, such as with Border Security, the PRM also can help identify indicators from outcomes to inputs.



For government-wide initiatives, such as the Resource Development and Training Sub-function of Human Resources, the PRM also can help identify inputs, outputs, and outcomes.



Over time, progress towards PRM indicators can provide a “performance dashboard” to inform managerial and budget decisions.





Throughout all aspects, the PRM can help OMB, CIOs, CFOs, and Program or IT Project Managers in a variety of ways.

	Enhanced Performance Information	Alignment and Clear "Line of Sight"	Identify Improvement Opportunities Across Boundaries
OMB	Additional information to include in budget decision-making activities	More detailed information about how IT will contribute to outcomes	Standardized information for programs and IT initiatives with common or similar missions
CIOs	Additional information to use in IT Capital Planning and Investment Control activities	More clarity about what IT initiatives to select and how they will/are contributing to results	Standardized information to help identify collaboration opportunities within and outside the agency
CFOs	Additional information to use in GPRA and budget activities	Better articulation through GPRA of how budgetary resources and inputs contribute to outcomes	Standardized information to identify potential cost savings and performance improvements
Program / IT Project Managers	Additional information to manage initiatives and demonstrate contribution to outcomes	Stronger justification of proposed initiatives and articulation of how initiatives contribute to outcomes	Standardized information to identify similar programs or IT for "best practice" consultation or other collaboration

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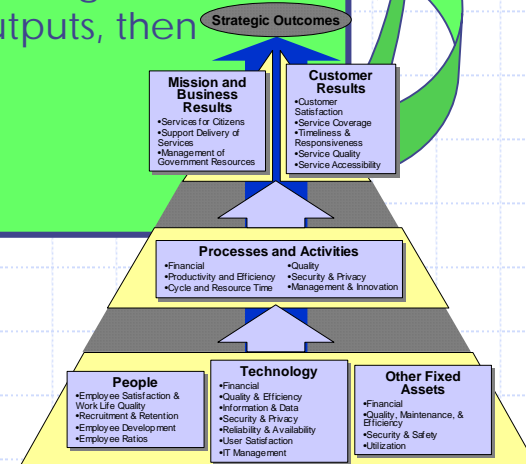
## Consistent with existing processes, the PRM can help agencies better manage their IT initiatives.

- ◆ Using the PRM will provide more robust performance information for agencies to use throughout their IT CPIC processes
  - Pre-Select / Select - Better understanding of how IT may contribute to improved program performance
  - Control – More robust information about progress towards intended outputs and outcomes to inform decision-making
  - Evaluate – More structured framework to assess whether IT initiative provided its intended benefits
  
- ◆ The PRM can also be a path forward to help agencies better align their EAs with performance
  - Align business layer with key outputs and outcomes
  - Align key technology initiatives with business layer, and by extension, outputs and outcomes

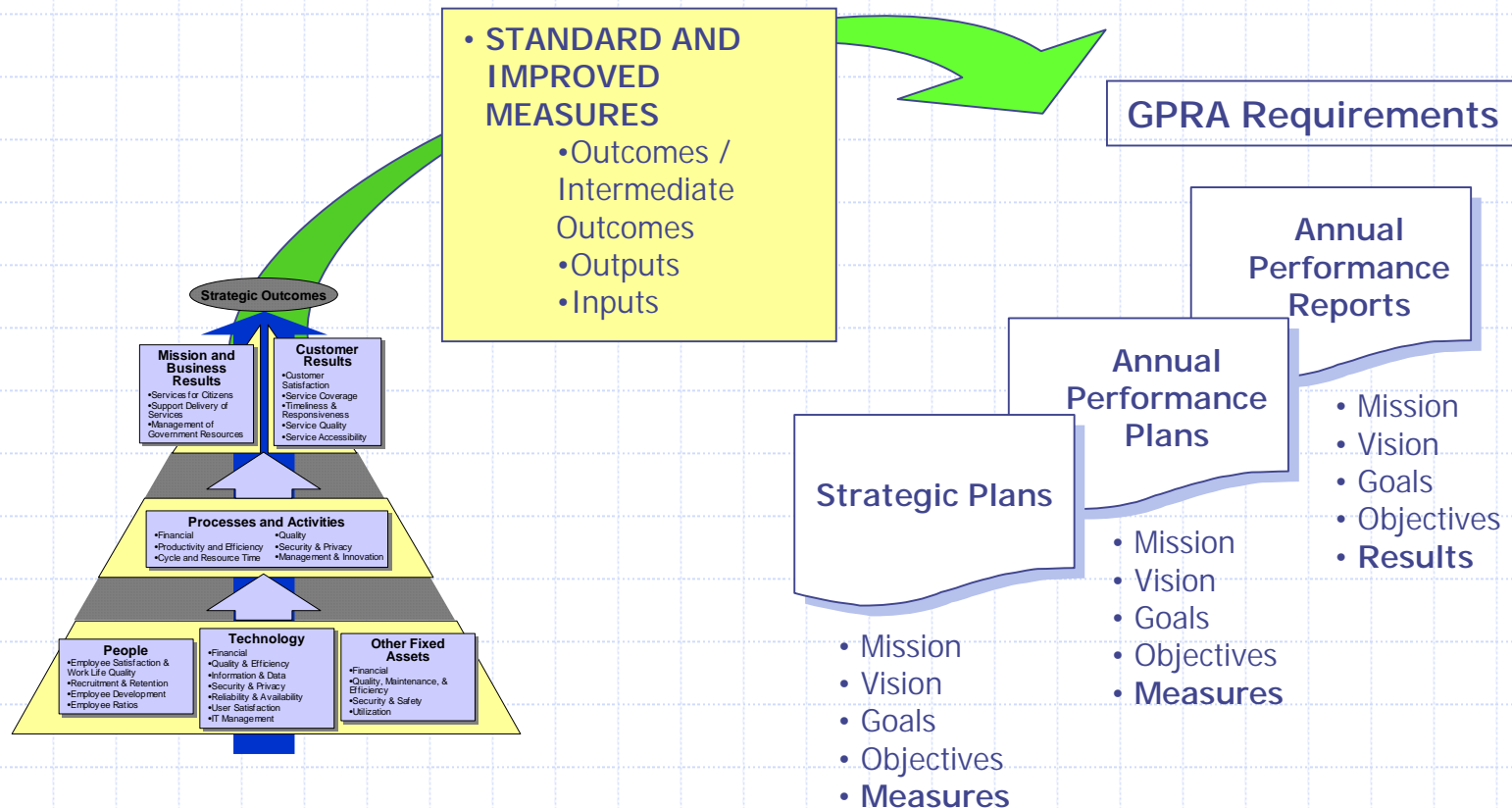
# The PRM can support the President's Budget and Performance Integration initiative, which is taking two approaches to strengthen the link between budget dollars and results.

Budget and Performance Integration Approach #1	How the PRM Can Help
WHAT: Creating additional performance information to inform budget decisions	Creates additional performance information at the outcome, output, and input levels to use in budget decisions
HOW: Program Assessment Rating Tool (PART), which rated 50% of the programs assessed as "Results Not Demonstrated"	

Budget and Performance Integration Approach #2	How the PRM Can Help
WHAT: Linking performance and cost in the federal budget	Draws "line of sight" from inputs to outputs, then outcomes
HOW: Developing a performance budget format that shows how inputs are used to accomplish outputs and impact outcomes	

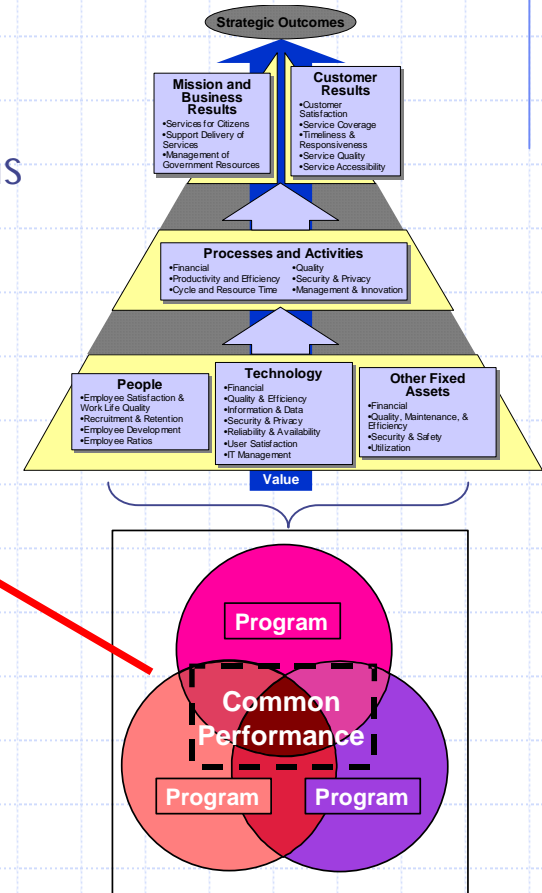
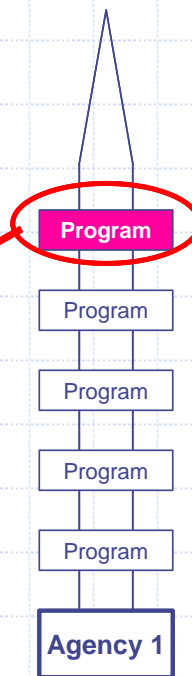
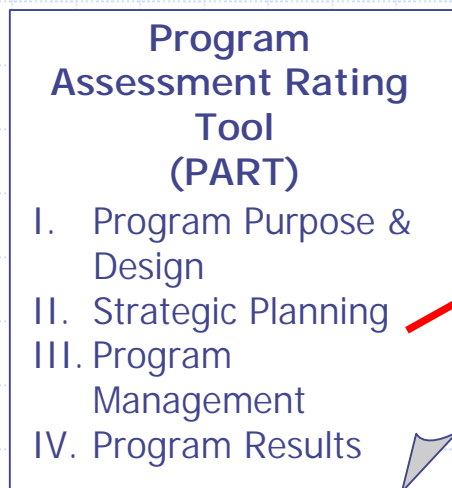


PRM Indicators can be incorporated into GPRA plans and reports. Outcome-oriented indicators in GPRA can inform those in the PRM. Performance information by function can also support the government-wide performance plan GPRA requires.



# The results of PART evaluations can dictate the specific PRM indicators and targets agencies use to drive improvements.

- ◆ The PRM can be applied to help improve the management capabilities and performance of lower-scoring PART programs with similar missions



# Defining standard and improved indicators using the PRM can also provide enhanced performance information to use during PART evaluations.

- ◆ PART evaluations can be complemented with more readily available, standardized, and improved performance measurement information
  - 50 % of FY 2004 PART assessments “Results Not Demonstrated”
- ◆ Specific PART questions that can be informed include:

PART Section / Question	The PRM Will Provide Enhanced Information About ...
<u>II: Strategic Planning, Question 4:</u> Does the program collaborate and coordinate effectively with related programs that share similar goals and objectives?	The extent to which similar programs choose common PRM indicators
<u>IV: Program Results, Question 1:</u> Has the program demonstrated adequate progress in achieving its long-term outcome goal(s)?	Whether the program meets the performance targets chosen in the outcome portion of the PRM
<u>IV: Program Results, Question 4:</u> Does the performance of this program compare favorably to other programs with similar purpose and goals?	The extent to which the program meets its performance targets compared to similar programs

**OMB Circular A-11, specifically Section 300, provides the mechanism to integrate the PRM into the existing management and budgetary process for IT.**

- ◆ The FEA-PMO is currently working within OMB to update the Exhibit 300 to accommodate the PRM
- ◆ Detailed information will be provided to agencies about this at OMB's A-11 training to be held in early May



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## In closing, the FEA-PMO looks forward to agencies' comments on the draft Performance Reference Model.

- ◆ We would like agencies to provide comments on the PRM Working Draft
- ◆ A PRM Comment Form is also being provided
- ◆ The Working Draft and Comment Form will be e-mailed to CIOs
- ◆ One Comment Form per agency should be e-mailed to:
  - [support@feapmo.gov](mailto:support@feapmo.gov)
  - No later than **Monday, May 19, 2002**
- ◆ Please e-mail or call if there are any questions during this comment period

**Contact: Bob Haycock, FEA Program Manager,  
at [Robert\\_D.\\_Haycock@omb.eop.gov](mailto:Robert_D._Haycock@omb.eop.gov)**